

DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana

Basic Financial Statements  
With Independent Auditor's Reports  
As of and for the Year Ended December 31, 2012  
(With Comparative Totals at December 31, 2011)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 18 2013

**DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana**

Basic Financial Statements  
With Independent Auditor's Reports  
As of and for the Year Ended December 31, 2012  
(With Comparative Totals at December 31, 2011)

C O N T E N T S

	<u>Statement</u>	<u>Page No.</u>
<b>REQUIRED SUPPLEMENTAL INFORMATION (PART I)</b>		
Management's Discussion and Analysis		1
<b>FINANCIAL SECTION.</b>		
Independent Auditor's Report		5
Government-Wide Financial Statements		
Statement of Net Position	A	8
Statement of Activities	B	9
Fund Financial Statements		
Balance Sheet - Governmental Funds	C	10
Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position	D	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	E	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	13
Notes to the Financial Statements		14
<b>REQUIRED SUPPLEMENTAL INFORMATION (PART II).</b>		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	<u>Schedule</u> 1	<u>Page No.</u> 23
<b>REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS.</b>		
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards		25
Management Letter for the year Year Ended December 31, 2012	2	27

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

**DESOTO PARISH LIBRARY**  
Mansfield, Louisiana  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2012

The discussion and analysis of the DeSoto Parish Library's financial performance provides an overview of the financial activities as of and for the year ended December 31, 2012, with comparative totals for the year ended December 31, 2011. It should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

The basic financial statements of the DeSoto Parish Library, as of and for the year ended December 31, 2012, provides the following insights into the financial position and the results of operations. Governmental funds (Statement E) reported a fund balance of \$19,021 million, an increase of \$3,182 million from the prior year. Total spending for all programs was \$2,139 million for the year, a decrease of \$1,435 million from the prior year. The increase in expenditures reflects the advance payment (call) on outstanding certificates of indebtedness and capital improvements during the current year.

**USING THIS ANNUAL REPORT**

The library's basic financial statements consists of a series of financial statements that show information for the library as a whole, its funds, and its financial responsibilities. The Statement of Net Position (Statement A) and the Statement of Activities (Statement B), provide information about the activities of the library as a whole and present a longer-term view of the library's finances. The governmental fund financial statements of the library are reported on Statement C and Statement E. For the library's governmental activities, these statements report how the library finances its services in the short-term as well as what remains for future spending. Fund statements may also provide insights into the library's overall financial position. Fund financial statements also report the library's operations in more detail than the government-wide financial statements by providing information about the library's general fund. Additionally, the fund financial statements, provide detail information about the general fund of the library, but not the library as a whole. The general fund is required to be established by State law to enable the library to control and manage financial resources for particular purposes or to demonstrate that the library is meeting legal requirements for the expenditure of revenues.

The Statement of Net Position and the Statement of Activities are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are reported regardless of when cash is received and/or paid. These statements present the governmental activities of the library which comprises all of the library's services.

These statements report the library's net position - the difference between assets and liabilities, as reported in the Statement of Net Position - as a way to measure the library's financial position. Increases or decreases in the library's net position, as reported in the Statement of Activities, are an indicator of whether the library's financial position is improving or deteriorating. The difference between revenues and expenses presents the library's operating results; however, the library's objective is to provide services to the residents of the parish and the public in general, and not to generate profits as a commercial enterprise.

**DESOTO PARISH LIBRARY**  
**Mansfield, Louisiana**  
**Management's Discussion and Analysis**  
**(Continued)**

The library's services are reported in governmental funds which focus on showing how financial resources flow into and out of funds and the balances remaining at year-end that may be available for future spending, using the modified accrual basis of accounting, which measures cash and other financial assets that may be readily converted to cash. This basis of accounting provides a detailed short-term view of the library's operations and the services it provides. The governmental fund information enables financial statement users to determine whether there are more or fewer financial resources that can be spent in the near future to finance the library's programs. The relationship between governmental activities reported in the government-wide financial statements (Statement A and B) and the governmental funds in the fund financial statements (Statement C and E) is presented in a reconciliation on Statements D and F.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

As reported on the Statement of Net Position (Statement A), the library's net position were \$26 420 million, at December 31, 2012. This represents a net increase of \$2 997 million, or 12.79 per cent from the prior year. The unrestricted net position of the governmental activities represents the accumulated results of all past year's operations. It means that if the library had to pay off all of its liabilities at December 31, 2012, \$19 021 million would remain. The following table presents, in millions, the comparative statement of net position in a condensed format.

	2012	2011
<b>ASSETS</b>		
Current and other assets	\$19 026	\$15 858
Capital assets, net	7 399	7 584
Total Assets	<u>\$26 425</u>	<u>\$23 442</u>
<b>LIABILITIES</b>		
Current and other liabilities	\$ 004	\$ 020
Total Liabilities	<u>0 004</u>	<u>0 020</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	7 399	7 584
Unrestricted/unreserved	19 021	15 838
Total Net Position	<u>\$26 420</u>	<u>\$23 422</u>

**DESOTO PARISH LIBRARY**  
**Mansfield, Louisiana**  
**Management's Discussion and Analysis**  
**(Continued)**

As reported in the Statement of Activities, (Statement B) the results of this year's operations for the library reflected an increase of \$ 545 million or 40.27 per cent. The following table presents, condensed comparative financial information (in millions) from that statement:

	2012	2011
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 032	\$ 032
General revenues		
Ad valorem taxes	2 299	1 640
Sales and use taxes	2 911	6 652
State grants	031	015
Interest earnings	044	028
Other general revenues	005	005
Total revenues	5 322	8 372
<b>Expenses</b>		
Culture and Recreation		
Libraries	2 325	1 863
Total expenses	2 325	1 863
Increase in net position	\$2 997	\$6 509

**FUND FINANCIAL STATEMENTS (FFS)**

As reported on the Governmental Fund Balance Sheet, (Statement C) the library reported total assets of \$19 026 million, this is a increase of approximately \$3 168 million from the prior year. The increase is a direct result of the favorable economic conditions resulting from the current mineral exploration activity in the parish.

As reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), the total revenues decreased, due to a slowdown in the oil and gas exploration the parish has experienced in the previous years, by \$3 050 million and expenditures decreased by \$1 435 million from the prior year.

**BUDGETARY HIGHLIGHTS**

Budgetary information presented on Schedule 1, demonstrates the level of budgetary control exercised by the library as well as compliance with State law relating to budgets and the budgetary process. Budgeted revenues exceeded actual revenues by \$2 542 million or 45.31 per cent and actual expenditures were less than budgeted expenditures by \$3 547 million or 166.92 per cent due to anticipated capital projects not being started as planned in the original budget process.

**DESOTO PARISH LIBRARY**  
Mansfield, Louisiana  
Management's Discussion and Analysis  
(Continued)

**CAPITAL ASSETS**

The capital assets of the library consists of furniture, equipment and library collections. The original land and buildings utilized by the library in its operations are, in accordance with Louisiana law, titled in the name of the Desoto Parish Police Jury. These immovables, with an acquisition cost of \$1.194 million are accounted for by the Desoto Parish Police Jury. At December 31, 2012, the library had investments in capital assets (net of accumulated depreciation) totaling \$7.399 million. This is a decrease of \$ .185 million from the prior year.

**CONTACTING THE LIBRARY**

The financial report is designed to provide a general overview of the library's finances and to show accountability for the financial resources received. Questions about this report or requests for additional financial information should be directed to the Ms. Linn Landis, Director, DeSoto Parish Library, 109 Crosby Street, Mansfield, LA 71309, at phone number 318-872-6100.

**HERBIE W. WAY**  
**CERTIFIED PUBLIC ACCOUNTANT**

55 Terra Avenue  
Alexandria, LA 71303  
318/442-7568  
Fax 318/442-9495

**INDEPENDENT AUDITOR'S REPORT**

**DESOTO PARISH LIBRARY**  
**DESOTO PARISH POLICE JURY**  
Mansfield, Louisiana

**REPORT ON THE FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Desoto Parish Library, . Mansfield, Louisiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements of the library, as listed in the table of contents

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

**AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**OPINIONS**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the authority as of December 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.



DESOTO PARISH LIBRARY  
Mansfield, Louisiana  
Independent Auditor's Report  
(Continued)

**REPORT ON SUMMARIZED COMPARATIVE INFORMATION**

I have previously audited the December 31, 2011, financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated June 29, 2012, in my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived

**OTHER MATTERS**

Accounting principles generally accepted in the United States of America require that the supplementary information (Part I & II), as listed in the foregoing table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2013, on my consideration of the internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

*Herbie W. Way*

Herbie W. Way  
Alexandria, Louisiana  
June 24, 2013

**DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana**

**Basic Financial Statements  
As of December 31, 2012, and for the Year Then Ended  
(With Comparative Totals for the Year Ended December 31, 2011)**

## Statement A

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana

Statement of Net Position  
 December 31, 2012  
 (With Comparative Totals, December 31, 2011)

	2012	2011
ASSETS	-----	-----
Cash and cash equivalents	\$16,591,076	\$12,624,031
Investments		510,595
Receivables		
Ad valorem taxes	2,068,725	1,748,950
Sales and use taxes	346,132	960,785
State revenue sharing	19,857	13,830
Capital assets, net	7,399,114	7,584,484
	-----	-----
TOTAL ASSETS	\$26,424,904	\$23,442,675
	=====	=====
LIABILITIES	-----	-----
Liabilities - accounts payable	\$4,855	\$19,537
	-----	-----
NET POSITION	-----	-----
Invested in capital assets	7,399,114	7,584,484
Unrestricted	19,020,935	15,838,653
	-----	-----
TOTAL NET POSITION	\$26,420,049	\$23,423,138
	=====	=====

The accompanying notes are an integral part of these financial statements

## Statement B

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana

Statement of Activities  
 For the Year Ended December 31, 2012  
 (With Comparative Totals for the Year Ended December 31, 2011)

	2012	2011
EXPENSES		
Current - Culture and Recreation - Libraries		
Personal services and related benefits	\$1,439,508	\$1,116,919
Operating services	336,502	332,679
Materials and supplies	76,018	58,177
Travel and other charges	28,188	11,911
Depreciation expense	444,448	343,006
TOTAL EXPENSES	2,324,664	1,862,692
GENERAL REVENUES		
Ad valorem taxes	2,298,769	1,640,246
Sales and use taxes	2,911,496	6,651,985
State grants	31,362	14,851
Fees, charges, and commissions for services	32,257	32,265
Interest earnings	43,994	27,645
Other	3,696	4,758
TOTAL GENERAL REVENUES	5,321,575	8,371,750
CHANGES IN NET POSITION	2,996,911	6,509,058
NET POSITION - BEGINNING OF YEAR	23,423,138	16,914,080
NET POSITION - END OF YEAR	\$26,420,049	\$23,423,138

The accompanying notes are an integral part of these financial statements

## Statement C

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana  
 GOVERNMENTAL FUND - GENERAL FUND

Balance Sheet, December 31, 2012  
 (With Comparative Totals, December 31, 2011)

	2012	2011
	-----	-----
ASSETS		
-----		
Cash and cash equivalents	\$16,591,076	\$12,624,031
Investments		510,595
Receivables		
Ad valorem taxes	2,068,725	1,748,950
State revenue sharing	19,857	13,830
Sales and use taxes	346,132	960,785
	-----	-----
TOTAL ASSETS	\$19,025,790	\$15,858,191
	=====	=====
LIABILITIES AND FUND BALANCE		
-----		
Liabilities - accounts and other payables	\$4,855	\$19,537
Fund balance - unassigned	19,020,935	15,838,653
	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$19,025,790	\$15,858,191
	=====	=====

The accompanying notes are an integral part of these financial statements

## Statement D

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana

Reconciliation of the Governmental Fund  
 Balance Sheet to the Statement of Net Position  
 December 31, 2012  
 (With Comparative Totals, December 31, 2011)

		2012	2011
		-----	-----
Total Fund Balance - Governmental Fund		\$19,020,935	\$15,838,653
Cost of capital assets	\$11,279,619		
Less - accumulated depreciation	(3,880,505)	7,399,114	7,584,484
	-----	-----	-----
Net Position		\$26,420,049	\$23,423,138
		=====	=====

The accompanying notes are an integral part of these financial statements

## Statement E

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana  
 GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Year Ended December 31, 2012  
 (With Comparative Totals for the Year Ended December 31, 2011)

	2012	2011
REVENUES	-----	-----
Ad valorem taxes	\$2,298,769	\$1,640,246
Sales and use taxes	2,911,496	6,651,985
State grants and entitlements	31,362	14,851
Fees, charges, and commissions for services	32,257	32,265
Interest earnings	43,994	27,645
Gifts, grants, and donations	3,696	4,758
Total revenues	5,321,575	8,371,750
EXPENDITURES	-----	-----
Current - Culture and Recreation - Libraries		
Personal services and related benefits	1,439,508	1,116,919
Operating services	310,657	332,679
Materials and supplies	76,018	58,177
Travel and other charges	28,188	11,911
Capital outlay	284,923	2,054,439
Total expenditures	2,139,293	3,574,125
EXCESS OF REVENUES OVER EXPENDITURES	3,182,282	4,797,625
FUND BALANCE AT BEGINNING OF YEAR	15,838,653	11,041,028
FUND BALANCE AT END OF YEAR	\$19,020,935	\$15,838,653
	=====	=====

The accompanying notes are an integral part of these financial statements

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana

Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures, and Changes  
 in Fund Balances to the Statement of Activities

For the Year Ended December 31, 2012  
 (With Comparative Totals for the Year Ended December 31 2011)

	2012	2011
Total net change in fund balances - governmental funds	\$3,182,282	\$4,797,625
Amounts reported for governmental activities in the Statement of Activities are different because		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	\$259,077	
Depreciation expense	(444,448)	(185,371)
		1,711,433
Change in net position of governmental activities	\$2,996,911	\$6,509,058

The accompanying notes are an integral part of these financial statements



**DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana**

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2012

**INTRODUCTION**

The Desoto Parish Library was established by the parish governing authority under the provisions of Louisiana Revised Statute 25:211. The library provides citizens of the parish access to library materials, books, magazines, records, and films through a central library, several branches, and service outlets. The library is governed by a 6-member board of control that is appointed by the parish police jury in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the board of control serve without pay.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Desoto Parish Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

**B. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Desoto Parish Police Jury is the financial reporting entity for Desoto Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Desoto Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship

DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

Because the police jury has the ability to impose its will on the Desoto Parish Library and/or there exists the potential for the Desoto Parish Library to provide specific financial benefits to or impose specific financial burdens on the police jury, the Desoto Parish Library was determined to be a component unit of the Desoto Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the library and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

**C FUND ACCOUNTING**

The library uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

**Governmental Funds**

Governmental funds account for all of the library's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, the fund balance represents the accumulated expendable resources that may be used to finance future operations of the library. The library's current operations require the use of only governmental (general) fund. The General Fund is the general operating fund of the library and accounts for all financial resources.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)** - include the Statement of Net Position (Statement A) and the Statement of Activities (Statement B). These financial statements report the financial position and results of operations for the library as a whole. Fiduciary funds are not included at this level, as they are only reported in the Statement of Fiduciary Net Position at the fund financial statement level. The Government-Wide Financial Statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) derive directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

**Allocation of Indirect Expenses** - The library reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation which cannot be specifically identified by function is assigned to the depreciation expense due to the fact that the assets serve multiple purposes.

DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

**Fund Financial Statements (FFS)** - governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Fund financial statements report detailed information about the library. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1995 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Based on the above criteria, ad valorem tax and the related state revenue sharing are treated as susceptible to accrual.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**E BUDGET PRACTICES**

A proposed budget is published in the official journal at least ten days prior to a public hearing. The public hearing is held at the library's office during the month of December for comments from taxpayers. The proposed budget is then legally adopted and amended during the year, as necessary, by the library. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Formal budgetary integration is not employed as a management control device during the year. Encumbrances are not recorded or recognized in the budget of the library. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

**F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

**G CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposit, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those income-producing items with original maturities of usually 90 days or less. Under state law, the library may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the library may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days, however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**H INVESTMENTS**

In accordance with Louisiana Revised Statute (LSA-R.S.) 32:2955, the library, upon determination of the availability of funds in excess of immediate cash requirements, may invest in direct United States Treasury obligations, bonds, debentures, notes, or other evidence of indebtedness guaranteed by federal agencies or United States government instrumentalities, provided that such obligations are backed by the full faith and credit of the United States government, and savings accounts and certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the state of Louisiana. Additionally, the library may invest in mutual or trust fund institutions (limited to 25 per cent of the funds considered available for investment under this section) provided that they are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940 and have underlying investments consisting solely of securities of the United States government or its agencies. Investments are stated at fair value.

**I CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The library maintains a threshold level of \$5,000 or more for capitalizing capital assets for reporting purposes. Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the library, no salvage value is taken into consideration for depreciation purposes. Interest costs on debt used to finance the construction of capital assets are not capitalized.

All capital assets, other than land and construction in progress, are depreciated using a composite group rate which is applied to similar assets for the purpose of calculating depreciation expense. The estimated useful lives of the classes of assets are as follows:

DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

Description	Estimated Useful Life
Buildings and improvements	40 years
Furniture and fixtures	10 years
Machinery and equipment	10 years
Vehicles	7 years
Library collection	5 years

**J RESTRICTED NET POSITION**

For Government-Wide Statement of Net Position, net position are reported as restricted when constraints placed on net position use are either, externally imposed by creditors (such as debt covenants, construction contracts, etc ), grantors, contributors, or laws or regulations of other governments and/or imposed by law through constitutional provisions or enabling legislation

**K FUND EQUITY**

Effective for fiscal years ending December 31, 2012, the library implemented the requirements of GASB Statement No 54, "Fund Balance Reporting and Governmental Fund Type Definitions " This statement provides more clearly defined fund balance categories to make the nature and extent of constraints placed on government's fund balance more transparent The following classifications describe the relative strength of spending constraints

Nonspendable Fund Balance - amounts that are not in spendable form, i e , inventory, prepaid expenses, etc

Restricted Fund Balance - amounts constrained to specific purposes by their providers, i e , grantors, bondholders, and higher levels of government through constitutional provision or enabling legislation

Committed Fund Balance - amounts constrained to specific purposes, by the library, using the highest level of decision-making authority These fund balances can not be used for any other purpose unless the library takes the same highest level action to remove or modify the constraint

Assigned Fund Balance - amounts the library intends to use for a specific purpose Intent is expressed by the board

Unassigned Fund Balance - amounts that are available for unrestricted expenditure Positive amounts are reported only in the General Fund

The board, establishes fund balance commitments and assignments by passage of a resolution, typically uses restricted fund balances first, followed by committed, assigned, and unassigned fund balances when an expenditure is incurred for purposes for which amounts in any of these classifications could be used

**L EXTRAORDINARY AND SPECIAL ITEMS**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence Special items are transactions or events within the control of the library, which are either unusual in nature or infrequent in occurrence

DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

**M. USE OF ESTIMATES**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported on the basic financial statements and the related note disclosure at the date of the financial statements. Actual results could differ from those estimates.

**2 CASH AND EQUIVALENTS**

At December 31, 2012, the library has cash and cash equivalents (book balances) as follows:

Petty cash	\$106
Demand deposits - interest bearing	16,033,357
LAMP	557,613
Total	<u>\$16,591,076</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) totaling \$16,653,030 at December 31, 2012 are secured by \$250,000 federal deposit insurance (GASB Category 1) and \$16,403,030 of pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3). Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the library, they are considered uncollateralized under the provisions of GASB Codification 150 163(b). However, Louisiana Revised Statute 39 1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the library that the fiscal agent bank has failed to pay deposited funds upon demand.

The Louisiana Asset Management Pool (LAMP) is a non-profit corporation created under Louisiana law. This corporation, created at the initiative of the Louisiana State Treasurer's Office and governed by a board of directors, allows units of local government to pool their cash balances as a means of increasing their rate of return on investments. LAMP invests only in securities and other obligations that are permissible under Louisiana law for municipalities and parishes; accordingly, these investments are restricted to securities issued, guaranteed or otherwise backed by the United States Government or one of its agencies, enterprises or instrumentalities. Since participation in LAMP constitutes a direct investment in the assets constituting the pool, there are no specific collateralization requirements; accordingly, these cash equivalents are considered uncollateralized under the provisions of GASB Codification 150 163(b).

**3. INVESTMENTS**

At December 31, 2012, the library has the following investments:

Description	Category			Fair
	A	B	C	Value
Certificates of deposit	NONE	NONE	NONE	NONE

DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

Category A includes investments that are insured or registered or for which the securities are held by the library or its agent in the library's name. Category B includes uninsured and unregistered investments for which securities are held by the broker's or dealer's trust department or agent in the library's name. Category C includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the library's name.

#### 4 CAPITAL ASSETS

	Land	Buildings and Improvements	Equipment	Books	Total
Balance beginning of year	72,148	7,269,976	616,471	3,061,946	11,020,542
Additions			48,496	210,581	259,077
Balance, end of year	72,148	7,269,976	664,967	3,272,527	11,279,619
Less- accumulated depreciation		(778,207)	(263,107)	(2,839,191)	(3,880,505)
Net capital assets	\$72,148	\$6,491,770	\$401,860	\$433,336	\$7,399,114
Accumulated Depreciation					
Beginning of year	NONE	(\$596,457)	(\$202,339)	(\$2,637,261)	(\$3,436,057)
Current year depreciation		(181,749)	(60,768)	(201,931)	(444,448)
End of Year	NONE	(\$778,207)	(\$263,107)	(\$2,839,191)	(\$3,880,505)

The original land and buildings utilized by the library in its operations are, in accordance with Louisiana law, titled in the name of the Desoto Parish Police Jury. These immovables, with an acquisition cost of \$1,193,600, are accounted for by the Desoto Parish Police Jury.

#### 5 PENSION PLANS

**Parochial Employees Retirement System of Louisiana** - substantially all employees of the library are members of the Parochial Employees Retirement System of Louisiana ("system"), a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the library are members of Plan B. All permanent employees working at least 28 hours per week who are paid wholly or in part from funds and all elected parish officials are eligible to participate in the system. Under Plan B, employees who retire at or after age 62 with at least 10 years of credited service or at or after age 55 with 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average compensation in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 62.

In any case, benefits paid under Plan B cannot exceed the lesser of 100 per cent of the final-average salary multiplied by total years of creditable service. Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post office Box 14619, Baton Rouge, LA 70898-4619, or by calling (504) 928-1361.

Under Plan B, members are required by state statute to contribute 3 percent of their annual covered salary in excess of \$1,200 and the employer is required to contribute at an actuarially determined rate. The current rate is 10.00 percent of annual covered payroll. Contributions to the System include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the employers are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The required employer contributions to the System under Plan B for the years ending December 31, 2012, \$87,807, December 31, 2011, \$68,490, and December 31, 2010, \$56,917, respectively, equal to the required contributions for each year.

#### 5. RISK MANAGEMENT

The Desoto Parish Library is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The Desoto Parish Library has obtained commercial insurance for risks relating to injuries of employees, and the operation of motor vehicles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.



**SUPPLEMENTAL INFORMATION - PART II**

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield Louisiana  
 GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ended December 31, 2012

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL ON BUDGET BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Ad valorem taxes	\$1,633,573	\$1,633,573	\$1,978,994	\$345,421
Sales and use taxes	6,445,861	6,445,861	3,526,149	(2,919,712)
Intergovernmental revenues	14,000	14,000	25,335	11,335
Other income	59,117	59,117	79,947	20,830
Total revenues	8,152,551	8,152,551	5,610,426	(2,542,125)
EXPENDITURES				
Current				
Culture and recreation - library				
Personal services and related benefits	1,557,005	1,557,005	1,439,508	117,497
Operating services	405,950	405,950	310,657	95,293
Materials and supplies	70,000	70,000	61,495	8,505
Travel and other charges	22,500	22,500	28,220	(5,720)
Capital outlay	3,616,000	3,616,000	284,923	3,331,077
Total expenditures	5,671,455	5,671,455	2,124,802	3,546,653
EXCESS OF REVENUES OVER EXPENDITURES	2,481,096	2,481,096	3,485,623	1,004,527
FUND BALANCE AT BEGINNING OF YEAR	12,096,477	12,096,477	12,624,031	527,554
FUND BALANCE AT END OF YEAR	\$14,577,573	\$14,577,573	\$16,109,654	\$1,532,081
Budget Reconciliation				
Excess (deficiency) of revenues and other sources over expenditures and other uses - (Non-GAAP basis) Schedule 1				\$3,485,623
Adjustments				
Net receivables/payables				(303,342)
Excess (deficiency) of revenues and other sources over expenditures and other uses - (GAAP basis) Statement E				\$3,182,282

**OTHER REPORTS REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS***

The following pages contain reports on internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The reports are based solely on the audit of the financial statements.

**HERBIE W. WAY**  
**Certified Public Accountant**

55 Terra Avenue  
Alexandria, LA 71303  
318/442-7568  
Fax 318/442-9495

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana**

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the library, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued my report thereon dated June 24, 2013

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the entity's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether entity's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, as presented in Schedule 2 - Management Letter, I did discuss with management a possible area of noncompliance with the Local Government Budget Act. This management letter point was evaluated and determined to be immaterial to the financial statements.

DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana  
GAO Report  
(Continued)

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute (LSA-R.S.) 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Herbie W. Way*

Herbie W. Way  
Alexandria, Louisiana  
June 24, 2013

**HERBIE W. WAY**  
**CERTIFIED PUBLIC ACCOUNTANT**

55 Terra Avenue  
Many, LA 71303  
318/442-7568  
Fax 318/449-9159

**MANAGEMENT LETTER FOR THE YEAR ENDED DECEMBER 31, 2012**

**DESOTO PARISH LIBRARY**  
**DESOTO PARISH POLICE JURY**  
Mansfield, Louisiana

The results of my procedures disclosed the following areas of concern as it relates to possible noncompliance with Louisiana law

**2012-1 - LOUISIANA LOCAL GOVERNMENT BUDGET ACT** - requires units of local government to amend the adopted budget of a fund when, total actual revenues are failing to meet or exceed budgeted revenues by five percent or more

As reported on Schedule 1 - General Fund - actual revenues collected were less than budgeted revenues by 45.31 percent, due mainly to a decrease in sales and use tax collections

Management should adopt, monitor, and amend all budgets in accordance with Louisiana law to ensure adequate fiduciary responsibility is being maintained over the expenditure of public funds. Additionally, management should obtain projected sales and use tax collections when adopting the budget and at least quarterly during the year to ensure that the library is complying with the Louisiana Budget Act

Management has provided assurances that future budgets will be adopted and amended in accordance with Louisiana Law

Respectfully submitted,

*Herbie W. Way*

Herbie W. Way  
Certified Public Accountant  
June 24, 2013